

State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

(803) 253-4160
FAX (803) 343-0723

July 19, 2001

Mr. Grady Bethea, Director of Operations
Skilled Nursing Facility Division
Clarendon Memorial Hospital
10 Hospital Street
Manning, South Carolina 29102

Re: AC# 3-WND-J8 – Clarendon Memorial Hospital d/b/a Windsor Manor

Dear Mr. Bethea:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period February 1, 1998 through September 30, 1998. That report was used to set the rate covering the contract periods beginning August 1, 1998.

We are recommending that the Department of Health and Human Services certify an accounts payable for amounts underpaid as a result of the rate changes shown on Exhibit A. You will be notified of settlement terms by that Agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/cwc

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Mr. Robert M. Kerr

**CLARENDON MEMORIAL HOSPITAL
D/B/A WINDSOR MANOR**

SUMMERTON, SOUTH CAROLINA

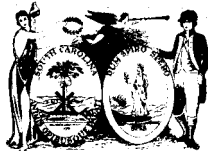
**CONTRACT PERIODS
BEGINNING AUGUST 1, 1998
AC# 3-WND-J8**

**REPORT ON CONTRACT
FOR
PURCHASE OF NURSING CARE SERVICES
WITH
STATE OF SOUTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 7, 2000

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Clarendon Memorial Hospital d/b/a Windsor Manor, for the contract periods beginning August 1, 1998, and for the eight month cost report period ended September 30, 1998, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

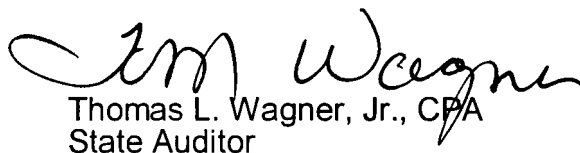
The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Clarendon Memorial Hospital d/b/a Windsor Manor, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report, Summaries of Costs and Total Patient Days, and Cost of Capital Reimbursement Analyses sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and Clarendon Memorial Hospital d/b/a Windsor Manor dated as of October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computations of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
June 7, 2000

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.



Thomas L. Wagner, Jr., CPA
State Auditor

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR

Computation of Rate Change
For the Contract Periods
Beginning August 1, 1998
AC# 3-WND-J8

	08/01/98- <u>09/30/98</u>	10/01/98- <u>11/30/98</u>	12/01/98- <u>09/30/99</u>	10/01/99- <u>09/30/00</u>
Adjusted reimbursement rate	\$96.24	\$98.34	\$99.09	\$99.45
Interim reimbursement rate (1)	<u>93.90</u>	<u>96.37</u>	<u>97.12</u>	<u>97.50</u>
Increase in reimbursement rate	\$ <u>2.34</u>	\$ <u>1.97</u>	\$ <u>1.97</u>	\$ <u>1.95</u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated December 3, 1999

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR
Computation of Adjusted Reimbursement Rate
For the Contract Period August 1, 1998 Through September 30, 1998
AC# 3-WND-J8

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$43.37	\$48.08	
Dietary		11.37	9.74	
Laundry/Housekeeping/Maint.		<u>10.63</u>	<u>7.72</u>	
Subtotal	\$ <u>.17</u>	65.37	65.54	\$65.37
Administration & Med. Rec.	\$ <u>-</u>	<u>12.60</u>	<u>9.45</u>	<u>9.45</u>
Subtotal		77.97	<u>\$74.99</u>	74.82
<u>Costs Not Subject to Standards:</u>				
Utilities		1.41		1.41
Special Services		4.30		4.30
Medical Supplies & Oxygen		3.80		3.80
Taxes and Insurance		.83		.83
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$88.31</u>		85.16
Inflation Factor (4.40%)				3.75
Cost of Capital				6.66
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive - For General Services, Dietary, LHM				.17
Effect of \$1.75 Cap on Cost/Profit Incentives and Cost Sharing				-
Minimum Wage Add-On				<u>.50</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$96.24</u>

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR
Computation of Adjusted Reimbursement Rate
For the Contract Period October 1, 1998 Through November 30, 1998
AC# 3-WND-J8

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$43.37	\$49.90	
Dietary		11.37	9.93	
Laundry/Housekeeping/Maint.		<u>10.63</u>	<u>8.11</u>	
Subtotal	<u>\$2.57</u>	65.37	67.94	\$65.37
Administration & Med. Rec.	<u>\$ -</u>	<u>12.60</u>	<u>10.90</u>	<u>10.90</u>
Subtotal		77.97	<u>\$78.84</u>	76.27
<u>Costs Not Subject to Standards:</u>				
Utilities		1.41		1.41
Special Services		4.30		4.30
Medical Supplies & Oxygen		3.80		3.80
Taxes and Insurance		.83		.83
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$88.31</u>		86.61
Inflation Factor (3.60%)				3.12
Cost of Capital				6.61
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive - For General Services, Dietary, LHM				2.57
Effect of \$1.75 Cap on Cost/Profit Incentives and Cost Sharing				(.82)
Minimum Wage Add-On				<u>.25</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$98.34</u>

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR
 Computation of Adjusted Reimbursement Rate
 For the Contract Periods December 1, 1998 Through September 30, 1999
 AC# 3-WND-J8

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$43.37	\$49.90	
Dietary		11.37	9.93	
Laundry/Housekeeping/Maint.		<u>10.63</u>	<u>8.11</u>	
Subtotal	<u>\$2.57</u>	65.37	67.94	\$65.37
Administration & Med. Rec.	<u>\$ -</u>	<u>12.60</u>	<u>10.90</u>	<u>10.90</u>
Subtotal		77.97	<u>\$78.84</u>	76.27
<u>Costs Not Subject to Standards:</u>				
Utilities		1.41		1.41
Special Services		4.30		4.30
Medical Supplies & Oxygen		3.80		3.80
Taxes and Insurance		.83		.83
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$88.31</u>		86.61
Inflation Factor (3.60%)				3.12
Cost of Capital				6.61
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive - For General Services, Dietary, LHM				2.57
Effect of \$1.75 Cap on Cost/Profit Incentives and Cost Sharing				(.82)
Minimum Wage (25 cents) & CNA (75 cents) Add-Ons				<u>1.00</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$99.09</u>

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR
Computation of Adjusted Reimbursement Rate
For the Contract Period October 1, 1999 Through September 30, 2000
AC# 3-WND-J8

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$43.37	\$50.93	
Dietary		11.37	10.24	
Laundry/Housekeeping/Maint.		<u>10.63</u>	<u>8.89</u>	
Subtotal	\$ <u>4.69</u>	65.37	70.06	\$65.37
Administration & Med. Rec.	\$ <u>-</u>	<u>12.60</u>	<u>11.39</u>	<u>11.39</u>
Subtotal		77.97	<u>\$81.45</u>	76.76
<u>Costs Not Subject to Standards:</u>				
Utilities		1.41		1.41
Special Services		4.30		4.30
Medical Supplies & Oxygen		3.80		3.80
Taxes and Insurance		.83		.83
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$88.31</u>		87.10
Inflation Factor (3.00%)				2.61
Cost of Capital				6.46
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive - For General Services, Dietary, LHM				4.69
Effect of \$1.75 Cap on Cost/Profit Incentives and Cost Sharing				(2.94)
CNA Staffing Add-On				.75
Nurse Aide Staffing Add-On				<u>.78</u>
 ADJUSTED REIMBURSEMENT RATE				 <u>\$99.45</u>

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1998
For the Contract Period August 1, 1998 Through September 30, 1998
AC# 3-WND-J8

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	Adjusted <u>Totals</u>
General Services	\$ 665,704	\$ -	\$ 4,975 (6) 268 (6)	\$ 660,461
Dietary	173,534	454 (2)	829 (6)	173,159
Laundry	45,577	961 (1) 95 (2)	332 (5) 296 (6)	46,005
Housekeeping	65,541	292 (2)	458 (6)	65,375
Maintenance	50,231	543 (2)	22 (5) 166 (6)	50,586
Administration & Medical Records	193,240	27 (2)	856 (5) 478 (6)	191,933
Utilities	23,634	-	2,227 (5)	21,407
Special Services	6,575	58,839 (4)	-	65,414
Medical Supplies & Oxygen	74,812	611 (2)	15,160 (2) 2,329 (5)	57,934
Taxes & Insurance	19,886	-	7,250 (3)	12,636
Legal Fees	-	-	-	-

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1998
For the Contract Period August 1, 1998 Through September 30, 1998
AC# 3-WND-J8

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Cost of Capital	99,827	967 (3)	1,351 (1)	101,377
	<u> </u>	<u>1,934 (7)</u>	<u> </u>	<u> </u>
Subtotal	1,418,561	64,723	36,997	1,446,287
Ancillary	14,324	-	-	14,324
Non-Allowable	366,259	7,470 (6)	58,839 (4)	312,956
	<u> </u>	<u> </u>	<u>1,934 (7)</u>	<u> </u>
Total Operating Expenses	<u>\$1,799,144</u>	<u>\$72,193</u>	<u>\$97,770</u>	<u>\$1,773,567</u>
Total Patient Days	<u>15,230</u>	<u>-</u>	<u>-</u>	<u>15,230</u>
TOTAL BEDS	<u>64</u>			

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1998
For the Contract Periods October 1, 1998 Through September 30, 1999
AC# 3-WND-J8

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	Adjusted <u>Totals</u>
General Services	\$ 665,704	\$ -	\$ 4,975 (6) 268 (6)	\$ 660,461
Dietary	173,534	454 (2)	829 (6)	173,159
Laundry	45,577	961 (1) 95 (2)	332 (5) 296 (6)	46,005
Housekeeping	65,541	292 (2)	458 (6)	65,375
Maintenance	50,231	543 (2)	22 (5) 166 (6)	50,586
Administration & Medical Records	193,240	27 (2)	856 (5) 478 (6)	191,933
Utilities	23,634	-	2,227 (5)	21,407
Special Services	6,575	58,839 (4)	-	65,414
Medical Supplies & Oxygen	74,812	611 (2)	15,160 (2) 2,329 (5)	57,934
Taxes & Insurance	19,886	-	7,250 (3)	12,636
Legal Fees	-	-	-	-

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1998
For the Contract Periods October 1, 1998 Through September 30, 1999
AC# 3-WND-J8

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Cost of Capital	99,404	967 (3)	1,351 (1)	100,649
		<u>1,629 (8)</u>		
Subtotal	1,418,138	64,418	36,997	1,445,559
Ancillary	14,324	-	-	14,324
Non-Allowable	366,682	7,470 (6)	58,839 (4)	313,684
			<u>1,629 (8)</u>	
Total Operating Expenses	<u>\$1,799,144</u>	<u>\$71,888</u>	<u>\$97,465</u>	<u>\$1,773,567</u>
Total Patient Days	<u>15,230</u>	<u>-</u>	<u>-</u>	<u>15,230</u>
TOTAL BEDS	<u>64</u>			

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1998
For the Contract Period October 1, 1999 Through September 30, 2000
AC# 3-WND-J8

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	Adjusted <u>Totals</u>
General Services	\$ 665,704	\$ -	\$ 4,975 (6) 268 (6)	\$ 660,461
Dietary	173,534	454 (2)	829 (6)	173,159
Laundry	45,577	961 (1) 95 (2)	332 (5) 296 (6)	46,005
Housekeeping	65,541	292 (2)	458 (6)	65,375
Maintenance	50,231	543 (2)	22 (5) 166 (6)	50,586
Administration & Medical Records	193,240	27 (2)	856 (5) 478 (6)	191,933
Utilities	23,634	-	2,227 (5)	21,407
Special Services	6,575	58,839 (4)	-	65,414
Medical Supplies & Oxygen	74,812	611 (2)	15,160 (2) 2,329 (5)	57,934
Taxes & Insurance	19,886	-	7,250 (3)	12,636
Legal Fees	-	-	-	-

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1998
For the Contract Period October 1, 1999 Through September 30, 2000
AC# 3-WND-J8

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Cost of Capital	97,220	967 (3)	1,351 (1)	98,367
		<u>1,531 (9)</u>		
Subtotal	1,415,954	64,320	36,997	1,443,277
Ancillary	14,324	-	-	14,324
Non-Allowable	368,866	7,470 (6)	58,839 (4)	315,966
			<u>1,531 (9)</u>	
Total Operating Expenses	<u>\$1,799,144</u>	<u>\$71,790</u>	<u>\$97,367</u>	<u>\$1,773,567</u>
Total Patient Days	<u>15,230</u>	<u>-</u>	<u>-</u>	<u>15,230</u>
TOTAL BEDS	<u>64</u>			

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR

Adjustment Report
Cost Report Period Ended September 30, 1998
AC# 3-WND-J8

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Fixed Assets	\$546,425	
	Laundry Expense	961	
	Other Equity		\$536,249
	Cost of Capital		1,351
	Accumulated Depreciation		9,786
	To adjust fixed assets and related depreciation		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
2	Dietary	454	
	Laundry	95	
	Housekeeping	292	
	Administration	27	
	Medical Supplies and Oxygen	611	
	Maintenance	543	
	Startup	13,138	
	Medical Supplies and Oxygen		15,160
	To capitalize start-up costs		
	HIM-15-1, Section 2132		
3	Organization Cost	6,283	
	COC Amortization Expense	967	
	Taxes, Insurance & Licenses		7,250
	To capitalize organization cost		
	HIM-15-1, Section 2134		
4	Special Services	58,839	
	Nonallowable		58,839
	To record Part B co-insurance		
	State Plan, Attachment 4.19D		
5	Retained Earnings	5,766	
	Laundry		332
	Maintenance		22
	Administration		856
	Utilities		2,227
	Medical Supplies		2,329
	To properly charge expenses applicable to the prior period		
	HIM-15-1, Section 2302.1		

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR

Adjustment Report
Cost Report Period Ended September 30, 1998
AC# 3-WND-J8

ADJUSTMENT NUMBER	ACCOUNT TITLE	DEBIT	CREDIT
6	Nonallowable	7,470	
	Nursing		4,975
	Restorative		268
	Dietary		829
	Laundry		296
	Housekeeping		458
	Maintenance		166
	Administration		478
	To adjust fringe benefits HIM-15-1, Section 2304		
7	Cost of Capital	1,934	
	Nonallowable		1,934
	To adjust capital return State Plan, Attachment 4.19D		
	(This adjustment applies only to the rate period 8/1/98 - 9/30/98)		
8	Cost of Capital	1,629	
	Nonallowable		1,629
	To adjust capital return State Plan, Attachment 4.19D		
	(This adjustment applies only to the rate periods 10/1/98 - 9/30/99)		
9	Cost of Capital	1,531	
	Nonallowable		1,531
	To adjust capital return State Plan, Attachment 4.19D		
	(This adjustment applies only to the rate period 10/1/99 - 9/30/00)		
	TOTAL ADJUSTMENTS	<u>\$646,965</u>	<u>\$646,965</u>

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 1998
 For the Contract Period August 1, 1998 Through September 30, 1998
 AC# 3-WND-J8

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.1144</u>
Deemed Asset Value (Per Bed)	33,022
Number of Beds	<u>64</u>
Deemed Asset Value	2,113,408
Improvements Since 1981	152,512
Accumulated Depreciation at 9/30/98	<u>(403,351)</u>
Deemed Depreciated Value	1,862,569
Market Rate of Return	<u>.070</u>
Total Annual Return	<u>130,380</u>
Adjust for Cost Report Period 242/365 days	86,444
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	86,444
Depreciation Expense	13,966
Amortization Expense	967
Capital Related Income Offsets	-
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	101,377
Total Patient Days (Actual Days)	<u>15,230</u>
Cost of Capital Per Diem	\$ <u><u>6.66</u></u>

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 1998
For the Contract Period August 1, 1998 Through September 30, 1998
AC# 3-WND-J8

6/30/89 Cost of Capital and Return on Equity	
Capital Per Diem Reimbursement	\$3.34
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u>\$7.33</u>
Reimbursable Cost of Capital Per Diem	\$6.66
Cost of Capital Per Diem	<u>6.66</u>
Cost of Capital Per Diem Limitation	\$ <u>-</u>

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 1998
 For the Contract Periods October 1, 1998 Through September 30, 1999
 AC# 3-WND-J8

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.1814</u>
Deemed Asset Value (Per Bed)	34,069
Number of Beds	<u>64</u>
Deemed Asset Value	2,180,416
Improvements Since 1981	152,512
Accumulated Depreciation at 9/30/98	<u>(403,351)</u>
Deemed Depreciated Value	1,929,577
Market Rate of Return	<u>.067</u>
Total Annual Return	<u>129,282</u>
Adjust for Cost Report Period 242/365 days	85,716
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	85,716
Depreciation Expense	13,966
Amortization Expense	967
Capital Related Income Offsets	-
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	100,649
Total Patient Days (Actual Days)	<u>15,230</u>
Cost of Capital Per Diem	\$ <u><u>6.61</u></u>

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 1998
For the Contract Periods October 1, 1998 Through September 30, 1999
AC# 3-WND-J8

6/30/89 Cost of Capital and Return on Equity	
Capital Per Diem Reimbursement	\$3.34
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u>\$7.33</u>
Reimbursable Cost of Capital Per Diem	\$6.61
Cost of Capital Per Diem	<u>6.61</u>
Cost of Capital Per Diem Limitation	\$ <u>-</u>

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 1998
 For the Contract Period October 1, 1999 Through September 30, 2000
 AC# 3-WND-J8

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.2493</u>
Deemed Asset Value (Per Bed)	35,130
Number of Beds	<u>64</u>
Deemed Asset Value	2,248,320
Improvements Since 1981	152,512
Accumulated Depreciation at 9/30/98	<u>(403,351)</u>
Deemed Depreciated Value	1,997,481
Market Rate of Return	<u>.063</u>
Total Annual Return	<u>125,841</u>
Adjust for Cost Report Period 242/365 days	83,434
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	83,434
Depreciation Expense	13,966
Amortization Expense	967
Capital Related Income Offsets	-
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	98,367
Total Patient Days (Actual Days)	<u>15,230</u>
Cost of Capital Per Diem	<u>\$ 6.46</u>

CLARENDON MEMORIAL HOSPITAL D/B/A WINDSOR MANOR
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 1998
For the Contract Period October 1, 1999 Through September 30, 2000
AC# 3-WND-J8

6/30/89 Cost of Capital and Return on Equity	
Capital Per Diem Reimbursement	\$3.34
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u>\$7.33</u>
Reimbursable Cost of Capital Per Diem	\$6.46
Cost of Capital Per Diem	<u>6.46</u>
Cost of Capital Per Diem Limitation	\$ <u>-</u>

2 copies of this document were published at an estimated printing cost of \$1.70 each, and a total printing cost of \$3.40. The FY 2001-02 Appropriation Act requires that this information on printing costs be added to the document.